

**Application number:** 10/614,919

**Art Unit:** 3692

**Applicant:** Khai Hee Kwan

**Examiner:** Chuks Onyezia, Esq.

**Title:** System and method for conducting an electronic financial asset deposit auction over computer network

### REMARKS /ARGUMENTS

The Casa patent refers to “A method of playing a lottery game wherein a primary random selection from among a group of wagering lottery players is supplemented by a secondary random selection from among a group of potential secondary recipients.” (See Abstract). In “field of invention” it says “This invention relates to the field of chance selection. More particularly, it relates to a method of conducting a lottery wagering game wherein a primary random selection of a winner or winners from a group of lottery players is supplemented by the random selection of a secondary prize recipient from a selected group.” Lottery is also defined as “A lottery is a form of gambling wherein wagering players bet on their being selected by chance to win a valuable prize.” as in Col 1 line 15. At col 2, line 1-5 Casa defines the issue of novelty for this invention being “With the above in mind, a novel lottery game is needed which would emphasize and capitalize on a lottery's charitable purposes while more directly benefitting the entities for whom, at least in part, the lottery is conducted.”

An example is described as follows “With that in mind, one might begin to carry out the present invention by accepting a monetary wager from at least one lottery player. Typically, a portion of these wagers will be contributed to a lottery fund from which prizes may be awarded. Each wagering player would be secured a player series of indicia. In turn, each player series of indicia would be compared to a revealed winning series of player indicia to determine whether any wagering player is a winning player. This determination would be carried out by ascertaining whether there is a sufficient number of matches between the player series of indicia and the winning series of player indicia as dictated by the sponsoring authority's distribution method. Any winning player would be awarded a valuable prize. This primary lottery would be supplemented by the random selection of at least one secondary prize recipient from a selected group.” at col 2 line 35-50.



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Casa then explains the secondary winner (ie enhancing public recognition of lottery to benefit recipients such as schools) as follows : “The random selection of a secondary recipient may or may not be dictated by the winning series of player indicia. A random selection of the secondary recipient (i.e. a school) may be accomplished in any of several ways such as by compiling a list of eligible schools, assigning each school a scholastic series of indicia, revealing a winning series of scholastic indicia, and determining whether any school is a winning school by comparing the scholastic series of indicia with the winning series of scholastic indicia for sufficient matching. One may surmise that the winning series of scholastic indicia need not be distinct from the winning series of player indicia.” at col 2 line 64 to col 3 line 10. To ensure equity, each school is then removed after each winning to satisfy all.

Claims 1, 7,13,19

The examiner asked the applicant whether Casa anticipates the claimed invention. The standard of anticipation requires all elements to be found in Casa. For ease of understanding, the following Table below is presented.

| Claim’s element  | Evidence by Examiner from Casa  | Comments  |
|--|---|---|
| receiving bid amount as a discount from principal or discounted principal from anonymous | Col 2, line 35-51. “With that in mind, one might begin to carry out the present invention by accepting a monetary wager from at least one lottery player. Typically, a portion of these wagers will be contributed to a lottery fund from | There is no evidence to show how a lottery is also inherently to an auction. An inherency teaching must be necessarily present in the structure described in the applied reference (Casa) (See Continental Can co v Monsanto co., 948 F.2d 1264, 1268 20 USPQ2d 1746, 1749 (Fed Cir |



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| members of a trusted network wherein said members are depositors; | <p>which prizes may be awarded.</p> <p>Each wagering player would be secured a player series of indicia.</p> <p>In turn, each player series of indicia would be compared to a revealed winning series of player indicia to determine whether any wagering player is a winning player. This determination would be carried out by ascertaining whether there is a sufficient number of matches between the player series of indicia and the winning series of player indicia as dictated by the sponsoring authority's distribution method.</p> <p>Any winning player would be awarded a valuable prize. This primary lottery would be supplemented by the random selection of at least one secondary prize recipient from a selected group”. <b>The examiner also asserts “interprets participants of a lottery as bidder of an auction”.</b></p> | <p>1991). The examiner must provide extrinsic evidence, rather than opinion, that makes clear that “ the missing descriptive matter is necessarily present in the thing described in the reference, and that it would so recognised by persons of ordinary skill.” In re Robertson, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999).</p> <p>No Trusted Network in Casa.</p> <p>No depositor in Casa. Players in Casa could not be shown as depositor as depositor has the right to call their deposits but not in a game of lottery.</p> <p>Casa also did not teach bids in the form of discount from principal or discounted principal. (antecedent in page 24 line 13-16, ie IBM shares example)</p> |
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**Application number:** 10/614,919

**Art Unit:** 3692

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| selecting a winner from said bids in said auction submitted by said depositors; | Col 2, lines 44-51 ‘This determination would be carried out by ascertaining whether there is a sufficient number of matches between the player series of indicia and the winning series of player indicia as dictated by the sponsoring authority's distribution method. Any winning player would be awarded a valuable prize. This primary lottery would be supplemented by the random selection of at least one secondary prize recipient from a selected group.’” | <p>The selection method in Casa is clearly by lottery means (chance) which is not inherently the same as selecting from bids submitting in an auction.</p> <p>A lottery is a game of chance (random selection) and hence selection is by comparing number of matches between the winning series and player’s series. In col 2, line 58-60 “In preferred embodiments, the winning series of indicia will be determined by a central, random drawing.” It is submitted that random drawing will not inherently show to one skilled in the art of auction of selecting a winner from bids.</p> <p>Casa also teach more than ONE winner ( col 6 line 60-61 and Col 6, line 67.) per session which is not taught in this claimed invention.</p> |
| excluding said winner-depositor from future auctions;                           | Col 4, lines 11-15 “Since the optimally-preferred embodiment of the invention contemplates each winning entity's being excluded from winning again until   | It should be recognized “winning entities” here refers to schools or recipients which are not the players (wager). And because these recipients are NON–Wager (Col 7 line 10-40) and being passive participants they   |



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|  | all eligibly entities have won, the system ensures that all eligible recipients will benefit.”  | do not satisfy being bidders/depositors as asserted by the examiner.  |
| depositing pooled funds for said winner’s account;                               | Col 2 lines 48-49 “Any winning player would be awarded a valuable prize. This primary lottery would be supplemented by the random selection of at least one secondary prize recipient from a selected group”.   | There is no suggestion that this valuable prize is pooled funds deposited by depositors (opposed to wager) ? As mentioned the word “depositing” has special meaning within this application to mean a form of lending not wagering, see Application Page 5 line 4. Furthermore, random selection for a secondary prize is not a pooled funds.   |
| repeating steps A, B, C, D at predetermined intervals with remaining depositors; | Col 4 lines 11-15 “With a large, single-transaction cash award, a recipient entity could undertake and fund significant projects. Since the optimally-preferred embodiment of the invention contemplates each winning entity's being excluded from winning again until all eligibly entities have won, the system ensures that all eligible recipients will benefit.” | It should be recognized winning entities here refers to schools or recipients which are not wagers. This is not the same as saying allowing each player (wager) to win and exclude said player until all remaining players also win. It is illogical for every wagers to win in lottery. As mentioned, non-wager recipients are passive participants for the prize only, they do not bid which is required when said steps are repeated. It is submitted the examiner had mischaracterized Casa’s teaching. |



**Application number:** 10/614,919

**Art Unit:** 3692

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|   |  |  |
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| whereby funds<br>comprising<br>cash<br>equivalent or<br>cash. |  |  |
|---|--|--|

As can be seen above, it is clear except for “whereby funds comprising cash equivalent or cash” the other elements are not found in Casa. Respectfully, the applicant asked the examiner to allow this claims.

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Claim 2,8,14

Using 2 as representative.

- 10 The examiner provided Casa Col 2 lines 35-51 as evidence to show these claims. The applicant respectfully disagrees. The claim requires the selected winner making a principal repayment in the NEXT interval following the winning interval. In short, this means the winner (wager in Casa) rather than recipient in Casa making a repayment which is unheard of in a lottery. What is the point of a lottery when the winner has to repay its principal in each interval ? Casa also did not
- 15 teach the recipient ( See Schools example) having to repay its principal (albeit it did not even participate in the lottery as wager in the first place). Respectfully, the applicant asks the examiner to allow this claims.

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**Application number:** 10/614,919

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Claim 3,9,15

Using 3 as representative.

5 The examiner provided Casa Col 2 lines 35-51 as evidence to show these claims. The examiner also states that “interprets the recouping of original investment as a discounted principal”. In this respect, the applicant repeats the requirement of Continental Can co v Monsanto co., 948 F.2d 1264, 1268 20 USPQ2d 1746, 1749 (Fed Cir 1991). The examiner provided no reasoning for the above dubious interpretation which is unknown in the art of lottery. In this claim, the unselected  
10 depositors have to deposit the discounted principal as bided by the selected winner at each interval which is not found in Casa. This is unlikely in a lottery where after the winner’s numbers is announced the other players who did not win will now have to provide deposits funds in the amount of the winning bid submitted the winner as “a way to recoup investment”. When is a lottery an “investment” where one can recoup by paying a discounted principal ? In this claimed  
15 invention, the non-winners have to provide discounted principal according to the winenr’s submitted discount bid after the winner is selected. It is unheard of in Lottery where wagers only payin when winner is selected and in accordance to what was paid by winner.

To avoid mischaracterising this claimed invention, it is best explained as follows in view of claim  
20 2&3 (as representative), for example, there are 6 members with bids as discounts from principal (ie 10, 11, 40, 22, 11, 30) in the first round. Assuming the principal is \$100. The winner will be 40 (highest discount) and this means the other non-winning depositors will now have to deposit 60 (100-40) resulting in pooled funds of  $60 \times 5 = 300$  for winner. In the next round where the first winner is excluded then say bids are (20,1,5,1,10) then the winner will be 20 and the discounted  
25 principal is 80 (100-20), the resulting pool is now  $(80 \times 4) + 100$  (principal from first winner) = 420



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**Art Unit:** 3692

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for second winner. In the next round with bids are (10,1,2,9) the resulting pool is  $(90*3)+200$  (principal from last 2 winners in first and second round) = 470 etc.

Claim 6,12,18,20

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Using 6 as representative.

The examiner provided Col 4 line 11-14 “Since the optimally-preferred embodiment of the invention contemplates each winning entity's being excluded from winning again until all eligibly  
10 entities have won, the system ensures that all eligible recipients will benefit.”

As mentioned, the winning entity here refers to the recipient (non-wager- Col 7 line 11) of the funds due for charity and not the lottery winners. If these are non-wagers then it fails to satisfy being bidders which forms the group to be selected. Even if this is wrong which is denied, these  
15 non-wagers do not bid which is required when the step E is repeated. Hence the evidence fails to show this and these claims must be allowed.

Furthermore, there is no teaching in Casa which repeats until one depositor is left or the repeating sessions could not be more than the number of players. It is also unknown in the art of lottery to be  
20 able to maintain/fix/limit the number of players (wagers).

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Claims 4,5,10,11,16,17

The examiner ask the applicant to show that these claims are patentable over a 103(a) rejection in view of Casa and Kou (US patent 6363365).

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Claim 4,10,16

Using 4 as representative.

10 whereby membership of a depositor network is by invitation only.

The examiner asserts that Kou teaches bidding by invitation and gave col 4 lines 34-51 as evidence.

Kou teaches open network such as the Internet where it publishes its invitation electronically to bidders. It is submitted that publishing an invitation does not inherently reveals membership of a network is by invitation only. Furthermore, it is clear both prior arts fail to teach for a depositor network and it is also not known to place bids for deposits (the subject matter of this claimed invention as opposed to lottery – considering the claim as a whole).

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The examiner asserts that the motivation is for the purpose of securing the auction network ( Kou Col 1 Line 5-8). On closer examination this “securing” is actually a reference to “locked box” for receipt of electronic bids ( Kou Col 3 Line 55-60). Casa teaches lottery and not submitting a bid and begs the question whether there is a need for lottery numbers to be under “locked box” for security ? As mentioned previously it is not inherent to read auction in the same light as lottery as both are not known to one skilled in the art to necessarily means the same.

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With respect, after KSR v Teleflex's decision, the standard is an apparent reason to combine. In arguendo, assuming this motivation is equivalent to "apparent reason" to combine which is denied, the examiner had also fail to show why is there a need to modify Casa to do so when there is not even a network in Casa for submitting bids. Critically Casa teaches having as many wagers to participate which will be severely limited if each wager must be a member by invitation only. It is clear by invitation it must necessarily means knowing the party as membership requirements must be fulfilled and certainly by publishing an invitation on the net does not satisfy the elements to be a member as well. (Kou merely suggest publishing its invitation to bid and not membership by invitation)

Claims 5,11,17

Using 5 as representative.

Claim 5 reads : The method of claim 1 whereby said networks are linked for deposit auction by invitation from at least one member of one network having relationship with at least one member of a target network.

The examiner suggested that Kou teach the above limitation and provided Kou Col 4 lines 34-51. The examiner however did not provide any apparent reason to combine. (See KSR v Teleflex). Furthermore, Kou fails to teach one member of one network having relationship with another member of a target network. Therefore, it is clear there is no prima facie hence the applicant respectfully asks the claims to be allowed.



**Application number:** 10/614,919

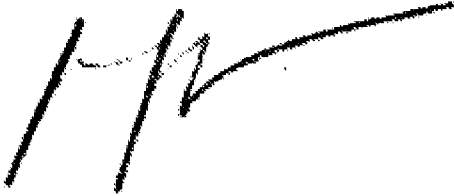
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Respectfully,

A handwritten signature in black ink, appearing to be 'HK' followed by a long horizontal stroke.

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Khai Kwan, Esq

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